



June 8, 2020

Commissioner Ricardo Lara  
California Department of Insurance  
300 Capital Mall 17<sup>th</sup> Floor  
Sacramento, CA 95814

Re: Bulletin No. 2020-3

Dear Commissioner Lara:

Please accept this letter and attached documents as the reply to the above referenced bulletin.

Church Mutual Insurance Company, S.I. is a specialty insurer that provides coverage for religious institutions, schools, camps, senior living facilities and certain classes of nonprofit organizations. In light of the services that these insureds provide, the vast majority have continued to operate even if their mode of operation may have changed. We recognize that the COVID-19 pandemic, and the associated shelter-in-place order, has had a varying degree of impact on our insureds. In consideration of this, Church Mutual Insurance Company, S.I. is providing premium relief to our policyholders utilizing both options outlined in the order. Specifically, we are providing a uniform dividend to each commercial automobile policyholder. Additionally, we are working with customers on an individual basis to address changes in exposure related to their commercial automobile, workers compensation and commercial multi-peril policies. We appreciate this opportunity to inform you of our efforts in this regard.

#### Policyholder Support

We are, out of an abundance of sensitivity to the potential impact of the pandemic to the operations of our insureds, taking the following actions as it relates to changes in exposure. Our insureds are encouraged to reach out to us through their licensed agent to discuss changes in their operations and related exposures.

1. We are sending a dividend check to each of our commercial automobile policyholders who had a policy in force as of May 1, 2020. The dividend is in the amount of 15% of two months premium. Commercial automobile premium is not calculated on actual miles driven, but we do recognize that there may be a reduction in the operation of our insureds' vehicles. We believe this is the most appropriate approach to reflect that. In light of the extension of the original shelter-in-place order, we will be providing a supplemental dividend to our California commercial automobile customers equal to 15% of one month's premium. Additionally, we are adjusting our insureds' policies (e.g. – suspension of coverage on vehicles temporarily taken out of service) as they notify us of changes in their operations. These changes are made in real-time.



2. With respect to workers compensation, we are encouraging our insureds to contact us if they believe that there has been a change in their operations that could result in an adjustment to their ratable exposures. We work with our insureds to make appropriate adjustments to their reported payroll on their workers compensation policies. Those adjustments are made in real-time and provide an immediate premium reduction in line with measurable exposure change. We have also mailed guidance to our workers compensation policyholders on the appropriate classification of employees in line with WCIRB direction for COVID-19 related changes. This will help our insureds complete an accurate premium audit and realize the benefits associated with the reclassification of employees.
3. With respect to commercial multi-peril, we are encouraging our insureds to contact us if they believe that there has been a change in their operations that could result in an adjustment to their ratable exposures. We work with our insureds to make appropriate adjustments to exposure units on their policy. Examples could include the number of daycare attendees, athletic events or camper days. Those adjustments are made in real-time and provide an immediate premium reduction in line with measurable exposure change.

Attached to this letter is information on premium relief by specific policy type. The amounts of the dividend paid, and the premium reductions will continue to increase through the supplemental dividend payment and the continued conversations with our policyholders.

We believe that the actions we are taking are the best way to respond to the specific impacts of the pandemic to our individual insureds, and that it supports the equitable treatment of our California policyholders in line with sound actuarial principles. Please do not hesitate to contact me with any questions.

*Please note that Church Mutual Insurance Company went through a mutual holding company conversion in our domiciled state of Wisconsin. On the effective date of January 1, 2020, Church Mutual Insurance Company converted from a mutual insurance carrier to a stock insurance carrier with a new name of Church Mutual Insurance Company, S.I. A new parent mutual holding company, Church Mutual Holding Company, Inc., was also established on the effective date. The policyholders of Church Mutual Insurance Company, S.I. have membership rights in the Church Mutual Holding Company, Inc. The corporate name change application is still pending in California so for purposes of this form, we have used our old name, Church Mutual Insurance Company.*



Sincerely,

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